

# CALIFORNIA

## California Employment Laws Effective Jan. 1, 2026

California enacted new or amended existing state labor and employment laws throughout 2025. This Legal Update provides an overview of these new or amended laws, almost all of which take effect on **Jan. 1, 2026**. Specific labor and employment updates include the following topics:

- Pay transparency requirements;
- Statute of limitations, damages and definitions under the California Equal Pay Act (CEPA);
- Pay data reporting;
- California Worker Adjustment Retraining and Notification Act (CalWARN) notice requirements;
- Leave for judicial proceedings;
- Training and retention repayment provisions (TRAPs) and stay-or-pay provisions;
- Recordkeeping for training and education;
- State minimum wage increases;
- Unpaid wage judgment enforcement; and
- Immigration rights notices.

### Pay Transparency ([SB 642](#))

California amended its pay transparency law to clarify the pay scale that is to be included in job postings. Currently, California employers with 15 or more employees must include the pay scale for a position in all job postings. All employers must disclose the pay scale to employees and applicants upon request.

The amended law clarifies that the pay scale must be a **good-faith estimate** of the salary or hourly wage range the employer reasonably expects to pay for the position **upon hire**.

### CEPA ([SB 642](#))

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### Highlights

California passed laws addressing the following topics:

- Pay transparency;
- CEPA;
- Pay data reporting;
- CalWARN;
- Leave for judicial proceedings;
- TRAPs and stay-or-pay provisions;
- Recordkeeping;
- Minimum wage;
- Unpaid wage judgment enforcement; and
- Immigration rights notices.

***California passed several employment laws and provisions that are effective Jan. 1, 2026.***

California amended the CEPA to extend the statute of limitations, amend damages calculations and create new definitions. Among other provisions, the CEPA prohibits all employers in the state from discriminating in the payment of wages based on sex, race or ethnicity for substantially similar work.

Currently, individuals alleging violations of the CEPA must bring a civil action to recover wages within two years of the alleged violation or within three years for willful violations. Under the amended law, the statute of limitations is within **three years** of the alleged violation, regardless of whether it was willful.

The amended law clarifies that employees are entitled to obtain relief for the entire period in which a violation of the equal pay provisions exists, up to **six years**. The amendment further clarifies that a cause of action occurs when:

- An alleged unlawful compensation decision or other practice is adopted;
- An individual is subject to an alleged unlawful compensation decision or other practice; or
- An individual is affected by the application of an alleged unlawful compensation decision or other practice, including each time wages, benefits or other compensation are paid, resulting in whole or in part from the decision or practice.

The amended CEPA adopts the definition of “**sex**” used in the California Fair Employment and Housing Act (FEHA). Under the FEHA, sex includes but is not limited to pregnancy, childbirth, breastfeeding or related medical conditions, and gender (including gender identity and gender expression).

The amended CEPA also defines “**wages**” and “**wage rates**” to include all forms of pay, including but not limited to salary, overtime pay, bonuses, stock, stock options, profit-sharing and bonus plans, life insurance, vacation and holiday pay, cleaning or gasoline allowances, hotel accommodations, reimbursement for travel expenses, and benefits.

### Pay Data Reporting ([SB 464](#))

California amended the FEHA’s pay data reporting requirements to modify storage requirements and impose mandatory penalties, effective **Jan. 1, 2026**. Private employers with **100 or more employees** (at least one of whom is in California and including workers hired through labor contractors) must submit an annual workforce pay data report with the California Civil Rights Department (CRD). The report must include the number of employees by race, ethnicity and sex in each of 10 job categories.

Effective **Jan. 1, 2026**:

- Employers and labor contractors must collect and store demographic data separately from personnel records; and
- A court **must** impose a penalty if the CRD requests a penalty be imposed on an employer for failure to file a pay data report. Previously, courts could, but were not required to, impose penalties. However, the penalty amounts (\$100 per employee for the first failure and \$200 per employee for each subsequent failure) remain the same.

### CalWARN Act ([SB 617](#))

California amended CalWARN to add additional content requirements for notices of mass layoffs, relocations or terminations. CalWARN requires employers that operate a covered establishment (a facility employing **75 or more employees** in the preceding 12 months) to provide at least 60 days’ advance notice to affected employees and certain government parties of any mass layoff, relocation or termination of a covered establishment. The notice must include all of the elements required under the federal WARN Act.

Effective Jan. 1, 2026, CalWARN will require employers to provide the following information in addition to existing requirements in any required notices:

- An indication of whether the employer plans to coordinate services, such as a rapid response orientation, through the local workforce development board or a different entity, or does not plan to coordinate services;
- A functioning email and telephone number of the local workforce development board and the following description: “Local Workforce Development Boards and their partners help laid-off workers find new jobs. Visit an America’s Job Center of California location near you. You can get help with your resume, practice interviewing, search for jobs and more. You can also learn about training programs to start a new career.”;
- A description of CalFresh, the statewide food assistance program, the CalFresh benefits helpline and a link to the CalFresh internet website; and
- A functioning email and telephone number of the employer for contact.

Additionally, if the employer chooses to coordinate services with the local workforce development board or another entity, the employer must arrange services within **30 days** from the date of the notice.

### TRAPs and Stay-or-Pay Provisions ([AB 692](#))

California passed a bill to ban certain TRAPs and other stay-or-pay provisions in employment contracts. For contracts entered into on or after Jan. 1, 2026, employers will be prohibited from including in any employment contract or requiring, as a condition of employment, a contract term that does any of the following:

- Requires the worker to pay an employer, training provider or debt collector for a debt if the worker’s employment or work relationship with a specific employer terminates;
- Authorizes the employer, training provider or debt collector to resume or initiate collection of or end forbearance on a debt if the worker’s employment or work relationship with a specific employer terminates; or
- Imposes any penalty, fee or cost on a worker if the worker’s employment or work relationship with a specific employer terminates.

The new law does not apply to contracts:

- Entered into under a loan repayment assistance or forgiveness program;
- Related to repayment of the cost of tuition for a transferable credential if:
  - It is offered separately from any employment contract;
  - The obtaining of the credential is not a condition of employment;
  - It specifies the repayment amount before the worker agrees to the contract, and such amount does not exceed the cost of the credential;
  - It provides for prorated repayment proportional to the total repayment amount and length of required employment period, and it does not require an accelerated payment schedule if the worker separates from employment; and
  - It requires repayment only if the worker resigns voluntarily or is terminated for misconduct;
- Related to enrollment in approved apprenticeship programs;
- For discretionary or unearned monetary payments (including financial bonuses) at the outset of employment that are not tied to job performance, if:
  - Repayment terms are set forth in a separate agreement;
  - The employee is notified of the right to consult an attorney and given at least five business days to do so;
  - Any repayment obligation for early separation is not subject to interest accrual and is prorated for the remainder of the retention period, up to two years from the receipt of payment;
  - The worker may defer payment to the end of the retention period without any repayment obligation; and
  - Repayment is only required if the employee voluntarily resigns or is terminated for misconduct; or
- Related to leasing, financing or purchasing residential property.

Employees alleging violations of the law may file a civil action to seek actual damages or a \$5,000 penalty (whichever is greater), injunctive relief and attorney fees and costs.

### **Leave for Judicial Proceedings ([AB 406](#))**

California has amended the state's nondiscrimination laws to expand the laws' robust employee leave rights for victims. The amendments also added paid sick leave rights under the California Healthy Workplaces, Healthy Families Act for victims, jurors and witnesses.

California's Government Code already prohibits all employers from discharging or discriminating or retaliating against employees who take unpaid time off to serve as a juror or witness or to seek certain services as victims of qualifying acts of violence. Effective Jan. 1, 2026, the prohibition is expanded to protect employees who are victims of specific crimes (or whose family member is a victim) from taking time off to attend judicial proceedings related to those crimes. The judicial proceedings include, but are not limited to, delinquency proceedings, post-arrest release decisions, pleas, sentencings, postconviction release decisions or any proceeding where a right of the employee is an issue.

The new prohibition applies to victims (and family members) of serious or violent felonies, theft or embezzlement, or direct or threatened physical, psychological or financial harm as a result of the attempt or commission of the following: vehicular manslaughter while intoxicated, felony child abuse likely to produce great bodily harm or death, assault resulting in the death of a child under 8 years of age, felony domestic violence, felony physical abuse of an elder or dependent adult, felony stalking, solicitation for murder, a serious felony, hit-and-run causing death or injury, felony driving under the influence causing injury, and sexual assault.

Employees may use available vacation, personal leave, paid sick leave or comp time during the otherwise unpaid leave described above that takes effect Jan. 1, 2026.

### **Recordkeeping ([SB 513](#))**

Currently, California law gives current and former employees, or their representative, the right to inspect and receive a copy of personnel records maintained by the employer related to the employee's performance or to any grievance concerning the employee. Existing law requires the employer to make the contents of these personnel records available for inspection.

Under an amendment to the law, employers will be required to include in personnel records relating to the employee's performance the employee's education and training records. Such records must include:

- The name of the employee;
- The name of the training provider;
- The duration of the training;
- The core competencies of a training, including skills in equipment or software; and
- The resulting certification or qualification.

### **State Minimum Wage Increase**

California's statewide minimum wage will [increase](#) from \$16.50 to **\$16.90** on Jan. 1, 2026. Additionally, the minimum salary for full-time exempt employees will increase from \$68,640 per year to **\$70,304 per year**.

### **Unpaid Wage Judgment Enforcement ([SB 261](#))**

California enacted a new law that expands unpaid wage judgment enforcement by introducing triple penalties, mandatory attorney fees and broad prosecutorial authority for the labor commissioner's office. The new law expands unpaid wage judgment enforcement by implementing the following:

- Courts may impose a civil penalty of up to three times the outstanding unpaid wage judgment amount, including post-judgment interest, for work performed in California that remains unsatisfied 180 days after the appeal period has expired and no appeal is pending;
- Courts are required to award a prevailing plaintiff all reasonable attorney fees and costs in any action brought by a judgment creditor, the labor commissioner or a public prosecutor to enforce a final judgment arising from the nonpayment of wages, penalties and other amounts owed arising from work performed in California;
- Public prosecutors are authorized to pursue actions against employers based on their failure to satisfy wage theft judgments to complement and augment preexisting efforts to enforce wage theft judgments; and
- Successors to a judgment debtor may be jointly and severally liable for penalties assessed under the new law.

In any action brought to enforce an unpaid wage judgment or to otherwise induce compliance by or impose lawful consequences on a judgment debtor, the court will assess the entire amount of the requested penalty against the judgment debtor, except to the extent that the court finds the judgment debtor has demonstrated by clear and convincing evidence good cause to reduce the penalty amount.

Penalties assessed by a court will be distributed 50% to the employee and 50% to the Division of Labor Standards and Enforcement for enforcement and education. If there are multiple employees, the penalty will be shared proportionally according to the amount due to each employee in the judgment entered by the court.

The penalties assessed under the new law are in addition to any other penalties or fines permitted by law.

### **Immigration Rights Notice ([SB 294](#)) – Effective Feb. 1, 2026**

California enacted the Workplace Know Your Rights Act (Act). Under the Act, by **Feb. 1, 2026**, and annually thereafter, employers must provide each current employee (and new employees upon hire) with a stand-alone written notice containing a description of the following workers' rights:

- The right to workers' compensation benefits, including disability pay and medical care for work-related injuries or illness, as well as the contact information for the Division of Workers' Compensation;
- The right to notice of inspection by immigration agencies;
- Protection against unfair immigration-related practices against a person exercising protected rights;
- The right to organize a union or engage in concerted activity in the workplace; and
- Constitutional rights when interacting with law enforcement at the workplace, including an employee's right to be free from unreasonable searches and seizures, to due process and against self-incrimination.

The labor commissioner will develop a template notice employers may use to comply with the new law, which will be posted on the labor commissioner's website on or before **Jan. 1, 2026**, and will post an updated template notice annually thereafter. Additionally, on or before July 1, 2026, the labor commissioner will develop a video for employees advising them of their rights under the areas listed in the required notice. The labor commissioner will also develop a video for employers advising them of their rights and requirements under the Act.

If requested by an employee, employers must notify the employee's designated emergency contact in the event the employee is arrested or detained at work. Employers must provide employees the opportunity to designate an emergency contact no later than March 30, 2026.

Employers must keep records of compliance with the Act's requirements for three years, including the date each written notice is provided or sent.

### **Employer Action Steps**

In order to ensure compliance with these new laws, employers should review their updated legal requirements and existing employment policies, practices and procedures. Employers may also seek the advice of a knowledgeable legal professional for specific situations and counsel on how to implement required changes.